

Hearing Date: August 8, 2023 at 11:00 a.m. (ET)

Objection Deadline: August 1, 2023 by 4:00 p.m. (ET)

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:  
Three Arrows Capital, Ltd.,  
Debtor in a Foreign Proceeding

Chapter 15

Case No. 22-10920 (MG)

**DECLARATION OF RUSSELL CRUMPLER IN SUPPORT OF FOREIGN  
REPRESENTATIVES OF THREE ARROWS CAPITAL, LTD.'s MOTION FOR AN  
ORDER (I) HOLDING KYLE LIVINGSTONE DAVIES TO BE IN CIVIL CONTEMPT  
FOR FAILURE TO COMPLY WITH MARCH 30, 2023 COURT ORDER; AND (II)  
GRANTING SANCTIONS AGAINST KYLE LIVINGSTONE DAVIES**

I, Russell Crumpler, pursuant to 28 U.S.C. Section 1746, hereby declare under penalty of perjury under the laws of the United States of America, as follows:

1. I am a Senior Managing Director of Teneo (BVI) Limited ("Teneo") in the British Virgin Islands ("BVI"). I, along with my colleague Christopher Farmer (also of Teneo) (collectively, the "Foreign Representatives"), have been appointed as joint liquidators of Three Arrows Capital, Ltd. ("Three Arrows" or the "Debtor") in the above-captioned matter. I have

personal knowledge of the material contained in this declaration and can attest to the truth of the matters stated herein.

2. I submit this declaration in support of the *Foreign Representatives of Three Arrows Capital, Ltd. 's Motion for an Order (I) Holding Kyle Livingstone Davies to be in Civil Contempt for Failure to Comply With March 30, 2023 Court Order, and (II) Granting Sanctions Against Kyle Livingstone Davies*, filed contemporaneously herewith (the "Motion").<sup>1</sup>

3. I am over the age of 18 and I am duly authorized to make this declaration acting in my capacity as joint liquidator of the Debtor. Except as otherwise indicated, the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Debtor. I am authorized to submit this declaration on behalf of the Debtor, and if called upon to testify, I could and would testify competently to the facts set forth herein.

4. On July 12, 2022, the Court entered an Order Granting Provisional Relief, which, *inter alia*, entrusted "the administration and realization of [Three Arrows's] assets located in the United States to the Foreign Representatives" and authorized the Foreign Representatives to issue subpoenas to any persons or entities they reasonably determined "may have information relevant to the Debtor, its affairs, or its assets." [Dkt. 32 at 1.]

5. Following entry of this Court's July 12, 2022 Order, the Foreign Representatives have engaged with numerous parties, including banks, cryptocurrency exchanges, and brokers, and have used formal discovery tools to issue subpoenas to parties that may possess information relevant to Three Arrows and its assets, the causes of Three Arrows's insolvency, and possible causes of action that may be available to Three Arrows.

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

6. The recipients of these subpoenas include parties that the Foreign Representatives have identified as having information regarding Three Arrows's assets and/or maintaining accounts and digital wallets in its name.

7. As previously raised with the Court, the Foreign Representatives also attempted to serve discovery on the Founders, including through our counsel at Latham & Watkins LLP. On December 6, 2022, the Court entered an Order authorizing the Foreign Representatives to serve subpoenas for the production of documents and testimony on the Founders. [Dkt. 71 ¶ 2.] The Foreign Representatives have also been recognized in Singapore and sought the assistance of its courts in obtaining compliance from the Founders.

8. I understand that the Founders have been represented by a Singapore law firm, Advocatus Law LLP ("Advocatus"). I also understand that the Debtor, as respondent, was represented by U.S. counsel, Dan Tan Law, in connection with a 2022 U.S. arbitration proceeding in which Mr. Davies and Mr. Zhu were named "representatives."

9. I further understand that Advocatus refused to accept service of discovery electronically on behalf of Mr. Davies and Mr. Zhu, leading the Foreign Representatives to file the Motion for Entry of an Order Authorizing Alternative Service of Process on October 14, 2022 (the "Service Motion"). [Dkt. 55.]

10. As set out in the Service Motion and my December 13, 2022 supporting declaration (the "Service Declaration"), the Foreign Representatives were unaware of Mr. Davies and Mr. Zhu's whereabouts, and sought to serve them by email and Twitter on the basis of their contacts with the United States. These contacts are set out at length in the service declaration and my prior July 20, 2022 supplemental declaration in support of the Foreign Representative's petition. [Dkts. 37, 74.] They are repeated below for reference in connection with the underlying motion.

**I. MR. DAVIES’S CONTACTS WITH THE UNITED STATES**

11. Mr. Davies was born in the United States, and the Debtor’s Register of Directors filed with the BVI Financial Commission lists Mr. Davies as being born in the United States and his nationality as American. [Dkt. 74 ¶ 5.] Mr. Davies met Mr. Zhu while attending high school in Andover, Massachusetts and college at Columbia University in New York. [*Id.* ¶ 6.]

12. Mr. Davies and Mr. Zhu founded the Three Arrows entities in 2012 while living in San Francisco, California. [*Id.* ¶ 7.] At that time, they formed Three Arrows Capital, LLC in the State of Delaware, and registered it to operate in the State of California as Three Arrows Capital Management, LLC. [*Id.*] They incorporated the Debtor, Three Arrows Capital, Ltd. in the BVI. [*Id.*]

13. The Debtor’s parent company owns 100% of the management interests in a feeder fund, Three Arrows Fund, LP, a Delaware limited partnership (the “U.S. Feeder Fund”). [Dkt. 37 ¶ 4.] The U.S. Feeder Fund issued non-management equity interests, the proceeds of which were transferred to the Debtor where they were used to fund investments. [*Id.*]

14. On July 31, 2012, the U.S. Feeder Fund filed a Form D (the “2012 Form D”) with the U.S. Securities and Exchange Commission, which lists Three Arrows Capital, LLC as its “[g]eneral partner” of the U.S. Feeder Fund, and Mr. Davies and Mr. Zhu as Three Arrows Capital, LLC’s sole “[m]anaging member[s].” The 2012 Form D is signed by Mr. Davies and lists an address in San Francisco, California, for Mr. Davies, Mr. Zhu, and Three Arrows Capital, LLC.

15. Attached hereto as Exhibit A is a true and correct copy of the 2012 Form D.

16. On December 3, 2022, an interview of Mr. Davies by Hugh Hendry, a hotelier investor and podcaster, was uploaded to YouTube. In that interview, Mr. Davies stated that he and Mr. Zhu ran the firm together and built everything in-house themselves. Mr. Davies also

admitted that he and Mr. Zhu personally performed every role at the firm, including trade executions, operations, human resources, and risk assessments. [Dkt. 74 ¶¶ 10–11.]

17. Based on news reports and Mr. Davies’ own statements in broadcasted interviews, the Foreign Representatives understand that he and Mr. Zhu operated through utilization of credit, on behalf of the Debtor, from legacy American financial institutions, such as JPMorgan Chase, Citibank, and Bank of America. Based upon records dating back to April 2021, it is unknown when the use of these credit facilities ceased, or whether the use was limited to its foreign exchange derivative business. [Dkt. 74 ¶ 8.]

18. After 2017, when Mr. Zhu and Mr. Davies shifted their focus from foreign exchange derivatives trading to cryptocurrency trading, they executed hundreds of millions of dollars in funding deals in and/or with numerous American cryptocurrency, blockchain, and fintech companies, including Aptos Labs, dYdx, and BlockFi. [*Id.* ¶¶ 9, 12.] In fact, some of their largest investments were placed in U.S.-based companies as follows [*Id.* ¶ 13]:

<b>Company</b>	<b>Location</b>	<b>Deal Stage</b>	<b>Deal Year</b>
Aptos Labs	California	Seed Round	2022
O(1) Labs	California	Later Stage VC	2022
dYdx	California	Series C	2021
BlockFi	New Jersey	Series C	2020
WorldCoin	California	Early Stage VC	2021

19. Many of these financing contracts were governed by U.S. law, including some of the Debtor’s largest loan contracts, which included New York choice of law and venue clauses. [*Id.* ¶ 15.]

20. Mr. Davies also obtained loans from U.S. centralized finance lenders, including but not limited to BlockFi (incorporated in Delaware; principal place of business in New Jersey), Celsius (incorporated in Delaware; principal place of business in New Jersey), Voyager Digital (incorporated in Delaware; principal place of business in New York), and Genesis Global Trading

(incorporated in Delaware; principal place of business in New York). [*Id.* ¶ 16.] I understand that many of these entities are purported creditors of the Debtor that now seek to recover these loans after the Debtor’s collapse.

21. Mr. Davies and Mr. Zhu invested heavily in the Luna token on behalf of the Debtor. Upon information and belief, Mr. Davies and Mr. Zhu also provided funds to Luna’s sister token, Terra, which was pegged to the U.S. dollar. The downfall of these tokens was reported to precipitate Three Arrows’s failure. *See, e.g.,* Luc Olinga, *Luna Crash: Crypto Hedge Fund Three Arrows Seeks a Savior*, The Street (June 18, 2022).

22. Attached hereto as Exhibit B is a true and correct copy of the June 18, 2022 article published by The Street.

23. Mr. Davies and Mr. Zhu, on behalf of the Debtor, also contracted with U.S. service providers such as BitGo, an auditing service provider located in California. [Dkt. 74. ¶ 13]:

## **II. MR. DAVIES’S CURRENT WHEREABOUTS**

24. The Foreign Representatives remain unaware of the Founders’ current whereabouts. However, a New York Times article published on June 9, 2022 titled “Their Crypto Company Collapsed. They Went to Bali,” quotes Mr. Davies as recommending that “[i]f anyone has any problems,” they “should just go to Bali.” The article reports that Mr. Davies “flew to Bali” “[n]ot long after [the Debtor’s collapse] last year,” and has also traveled to Thailand; Malaysia; Dubai, United Arab Emirates; Bahrain; and Barcelona, Spain.

25. Attached hereto as Exhibit C is a true and correct copy of the June 9, 2023 New York Times article.

## **III. THE SUBPOENA AND THE COURT’S MOTION TO COMPEL ORDER**

26. On December 29, 2023, the Court granted the Service Motion in part and authorized alternative service on Mr. Davies by email and Twitter (the “Service Order”). [Dkt. 54, 79.]

27. Following entry of the Court's December 6 and 29, 2022 Orders, I understand that counsel for the Foreign Representatives issued a subpoena for the production of documents (the "Subpoena") to Mr. Davies dated January 4, 2023, which is attached as Exhibit A to the contemporaneously filed Declaration of Nima H. Mohebbi ("Mohebbi Declaration").

28. On January 5, 2023, the Foreign Representatives' team at Teneo facilitated service of the Subpoena from the official Three Arrows liquidation account on Twitter, @3ACLiQ.

29. Attached hereto as Exhibit D is a true and correct copy of the Foreign Representatives' January 5, 2023 tweet to Mr. Davies, attaching the Subpoena.

30. I understand that the Subpoena was served by email on January 5, 2023, in accordance with the Service Order, as set forth in the Mohebbi Declaration and the contemporaneously filed Declaration of Alex M. Englander ("Englander Declaration").

31. As set forth in the Mohebbi Declaration, I understand that Mr. Davies was required to produce documents by January 26, 2023 under the terms of the Subpoena, but that he failed to do so either by the January 26, 2023 deadline or thereafter.

32. Ultimately, on February 7, 2023, the Foreign Representatives made the decision to file a motion to compel (the "Motion to Compel") to attempt to secure compliance from Mr. Davies. [Dkt. 85.]

33. On February 8, 2023, the Foreign Representatives' team at Teneo facilitated service of Motion to Compel by Twitter in accordance with the Service Order.

34. Attached hereto as Exhibit E is a true and correct copy of the Foreign Representatives' February 8, 2023 tweet to Mr. Davies, attaching the Motion to Compel.

35. I understand that counsel for the Foreign Representatives served the Motion to Compel on Mr. Davies by email on February 8, 2023, in accordance with the Service Order, as set forth in the contemporaneously filed Declaration of Tiffany Ikeda (“Ikeda Declaration”).

36. On March 22, 2023, the Court issued an opinion granting the Foreign Representatives’ motion to compel (the “Motion to Compel Opinion”). [Dkt. 93.]

37. On March 29, 2023, the Foreign Representatives’ team at Teneo facilitated service of Motion to Compel Opinion by Twitter in accordance with the Service Order.

38. Attached hereto as Exhibit F is a true and correct copy of the March 29, 2023 tweet to Mr. Davies, attaching the Motion to Compel Opinion.

39. As set forth in the Ikeda Declaration, I understand that counsel for the Foreign Representatives served the Motion to Compel Opinion on Mr. Davies by email on March 29, 2023, in accordance with the Service Order.

40. On March 30, 2023, the Court issued an order compelling Mr. Davies to comply in full with the subpoena by April 13, 2023 (the “Motion to Compel Order”). [Dkt. 94.]

41. On March 30, 2023, the Foreign Representatives’ team at Teneo once again facilitated service of Motion to Compel Order by Twitter in accordance with the Service Order.

42. Attached hereto as Exhibit G is a true and correct copy of the March 30, 2023 tweet to Mr. Davies, attaching the Motion to Compel Order. As set forth in the Ikeda Declaration, I understand that counsel for the Foreign Representatives served the Motion to Compel Order on Mr. Davies by email on March 30, 2023, in accordance with the Service Order.

#### **IV. MR. DAVIES’S NON-COMPLIANCE AND TWITTER ACTIVITY**

43. Mr. Davies has continued to actively post on Twitter after being served with the Motion to Compel Order. Notably, based on our review, Mr. Davies tweeted or retweeted over



sixty times between March 30, 2023 and April 13, 2023. Mr. Davies has tweeted or retweeted over fifty times since the beginning of June 2023 alone.

44. For example, on April 6, 2023, seven days after being served with the Motion to Compel Order, Mr. Davies used Twitter to invite a specific Twitter user to “jump on a call” to “answer any/all questions about [Three Arrows].”

45. Attached hereto as Exhibit H is a true and correct copy of Mr. Davies’s April 6, 2023 tweet.

46. The same day, on April 6, 2023, a Twitter user noted that Mr. Davies active use of Twitter indicated that he was aware of the documents served on him by the Foreign Representatives. The Twitter user replied to the Foreign Representatives’ tweet attaching the Motion to Compel Order, stating: “Court held service on Davies via Twitter is sufficient bc [*sic*] Davies clearly is active on Twitter and aware of subject subpoena[.] Davies has one last chance to respond otherwise he will likely be sanctioned by the court, aka big trouble.”

47. Attached hereto as Exhibit I is a true and correct copy of the April 6, 2023 reply to the Foreign Representatives’ tweet serving the Motion to Compel Order.

48. Many of Mr. Davies’ tweets promote a new enterprise, OPNX, which he purportedly co-founded with Mr. Zhu as a platform to trade bankruptcy claims into cryptocurrency.

49. For example, on April 7, 2023, Mr. Davies retweeted a post promoting OPNX.

50. Attached hereto as Exhibit J is a true and correct copy of Mr. Davies’ April 7, 2023 retweet promoting OPNX.

51. On April 14, 2023, the day after Mr. Davies’s deadline to comply with this Court’s Motion to Compel Order, Mr. Davies retweeted a meme that featured himself and other crypto founders, seemingly poking fun at his misconduct and the lack of any sanctions yet imposed for

his non-compliance with multiple court orders, with the caption “Shame on you! You defrauded lenders/customers/investors and misappropriated funds!” and the further remark: “Moving on from this pinned tweet – new brypto [sic] era started / Whoever is left standing (in the pic and beyond) probably has a chance at resurrection and there is nothing we can do about it lol.”

52. Attached hereto as Exhibit K is a true and correct copy of Mr. Davies’s April 14, 2023 retweet.

53. Because Mr. Davies has continued to actively use his Twitter account after he was served with the Court’s Motion to Compel Opinion and Order via Twitter, it is my view that Mr. Davies is aware of the Motion to Compel Opinion and Order, but has chosen not to comply.

#### **V. MR. DAVIES’S NON-COMPLIANCE WITH BVI COURT ORDERS**

54. Mr. Davies noncompliance with this Court’s orders is part a broader pattern of noncompliance with court orders in proceedings involving Debtor.

55. Notably, Mr. Davies recently defied a BVI court order dated March 22, 2023, which directed him to produce documents by April 14, 2023 and attend an examination via Zoom on April 27, 2023.

56. Attached hereto as Exhibit L is a true and correct redacted copy of the March 22, 2023 BVI court order.

57. The Foreign Representatives served the March 22, 2023 BVI court order on Davies’s active Twitter account.

58. Attached hereto as Exhibit M is a true and correct copy of the Foreign Representatives’ April 21, 2023 tweet to Mr. Davies attaching the March 22, 2023 BVI court order.

59. Despite the BVI court order, Mr. Davies did not appear for the April 27 examination or produce documents.

## **VI. MR. DAVIES'S RECENT PUBLIC STATEMENTS AND BEHAVIOR**

60. In my view and experience as a liquidator, Mr. Davies's behavior and recent public statements confirm his disregard for court orders and his obligations to the Debtor's estate.

61. When interviewed by the New York Times in May, after Mr. Davies was served with the Motion to Compel Opinion and Order, Mr. Davies and Mr. Zhu reportedly told the New York Times that they "did nothing wrong" and were not "willing to apologize" for Debtor's collapse. Mr. Davies himself reportedly volunteered that when a friend asked whether he felt remorse, he replied, "Remorse for what?" (Ex. C at 2.)

62. Mr. Davies reportedly told the New York Times that he is "thriving" and is spending his time painting, reading, meditating, playing video games, surfing, and going "sightseeing" around the world, including stroking a tiger and attending a Formula 1 event. He also reportedly told the New York Times that, on at least one occasion, he "took [mu]shrooms with a group of crypto colleagues" and looked at the stars. (*Id.* at 1.)

63. Separately, Mr. Davies reportedly told the New York Times that he and Mr. Zhu have "cooperated with the legal process" and "handed over records" to Three Arrows's "new management." (*Id.* at 4, 6.) Despite his claim, my view is that he has not remotely "cooperated with the legal process."

64. Mr. Davies also reportedly has been privately "encouraging" Three Arrows's creditors to trade their bankruptcy claims on his new crypto venture, OPNX. (*Id.* at 7.)

65. Moreover, Mr. Davies reportedly spoke to the New York Times about the "Much Wow" superyacht that he and Mr. Zhu attempted to purchase, stating he told Mr. Zhu, "I'm going to get a boat. I need it." He indicated that he and Mr. Zhu had "saved enough over the years that they didn't need to work again," and that he was considering buying "some islands." (*Id.* at 4.)

Dated: June 14, 2023

/s/ Russell Crumpler  
Russell Crumpler of Teneo (BVI) Limited as Foreign  
Representatives of Three Arrows Capital, Ltd.